



Doing Business in Latvia: 2011 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Latvia

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Market Overview

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Latvia is a small nation with a dynamic, though recently troubled, economy and a stable political environment. Latvia is similar in size to North Carolina, with a population of approximately 2.25 million. The country provides an attractive market for American IT equipment and services, capital machinery and equipment, medical and consumer products, and energy products. Located at the center of the three Baltic States, Latvia is a member of the European Union (EU) and provides a strategic location as a commercial, financial, and transportation hub for the Nordic/Baltic region.

The commercial environment is generally friendly to foreign companies, and EU directives are implemented and observed. There are no controls on import, export, or the use and conversion of foreign currencies, which facilitates investment and repatriation of profits. The Latvian government has adopted modern laws establishing copyrights, patents and trademarks and the means for enforcing their protection. Telecommunication services are modern, and the real estate market provides both modern housing and business venues. English is widely spoken in government and business.

Many U.S. companies doing business in Latvia rate the business environment among the best in Central and Eastern Europe. The legal system, tax structures, and trade and other regulations have been significantly modified to harmonize them with EU standards. Most EU directives have been incorporated into the Latvian legislative system.

Latvia has been a member of the WTO since 1999. The country joined the EU and NATO in 2004.

Market Challenges

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There are few market challenges in Latvia. However, due to the country's small size, if a company is considering doing business only in Latvia, local labeling requirements could prove costly relative to the potential customer base. Many companies focus on Latvia as a part of the broader EU market. Because the market is small, it is sometimes quickly saturated, and it can be difficult to keep business secrets.

American products face strong competition in the Latvian market from EU countries and the Commonwealth of Independent States (CIS). Due to historical trade relations, companies from Scandinavian countries and Germany approach the Latvian market with greater confidence.

Government bureaucracy and corruption are seen by the U.S. government as the main impediments to U.S. trade and investment in Latvia. Some concerns exist regarding the protection of intellectual property, but recent legislative changes promise to give law enforcement additional tools to address these issues.

Market Opportunities

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The Latvian economy is based on service industries including transportation, information technology, and financial services. At the same time the construction industry plays an important role, as do wood and forestry products, food processing, metalworking, and light industries (e.g., textiles). Tourism is growing rapidly.

Latvia has a flat corporate income tax rate of 15%. The country is well connected by approximately 80 direct flights to all major European cities as well as a weekly direct flight to New York and by plenty of connecting flights.

From 2007-2013 the Latvian Government will administer approximately \$6.6 billion of EU structural funds. Available incentives for investment are: grants for high tech high value added and large scale investments; grants for training of employees; grants for development of new products and technologies; special depreciation rates for new equipment purchased. At the same time Latvia has generous allowances for write-offs of investments in technological equipment.

On January 1, 2011, the Latvian government implemented corporate income tax allowances for "large" investments of 5 million lats (approximately 10 million USD) or more. Tax allowances will be available to tax payers that have invested in supported priority sectors and the size of the allowance volume will depend on the volume of the investments.

The European Bank for Reconstruction and Development (EBRD) operates in Latvia out of its regional office in Vilnius, Lithuania. Latvia qualifies for U.S. Export Import Bank (ExIm)-financed projects.

Good opportunities exist for expanding trade exist in various sectors, including energy; computer and telecommunications services and equipment; forestry, farming and woodworking equipment; transportation (including aircraft); and agricultural products. Latvia's increased competitiveness, spurred by its handling of the financial crisis, has increased potential for investments in both the manufacturing and services sectors.

Market Entry Strategy

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Market entry strategy varies from industry to industry and should be considered in the context of the U.S. company's overall approach toward the EU. Business agents are commonly used. Businesses, and especially small and medium-sized enterprises (SMEs), wishing to enter the market should contact the Embassy for guidance and may wish to consider a visit to Latvia.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5378.htm>

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Using an Agent or Distributor

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There are no laws in Latvia that regulate the relationship between a foreign company and its distributors or agents in Latvia. A distributor relationship can be terminated according to the provisions stipulated in each specific distributor agreement. Since Latvia joined the European Union, EU legislative acts regarding this subject have been incorporated into local law.

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with European Union (EU) and Member State national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

A common practice is to appoint one distributor/agent to cover the entire country, or the entire Baltic region (Estonia, Latvia and Lithuania). Due to the small size of the Latvian

market, one importer may carry products from several industry sectors. An importer of goods into Latvia must be a locally registered legal entity.

U.S. companies looking for agents or distributors in Latvia should contact the nearest U.S. Department of Commerce Export Assistance Center.

<http://www.export.gov/eac/index.asp>

Establishing an Office

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It is a relatively simple process to establish an office in Latvia. However, considering the required documentation as well as the advantages of understanding local legislation, using legal counsel to establish an office in Latvia is highly recommended. A list of English speaking lawyers can be obtained from the US Embassy:

[List of Attorneys in Latvia](#)

Franchising

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Franchising is gradually growing in popularity. Although Latvia does not have specific franchise legislation, franchising arrangements are regulated under the Law on Competition and the Commercial Law.

A report on the legal aspects of franchising in the EU in general, can be found at:

http://buyusainfo.net/docs/x_9605709.pdf

To find out more on franchising in Latvia see the website of the Baltic Franchising Association at:

http://www.franchising.lv/new_site/en/jaunumi.shtml

Direct Marketing

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Direct marketing has come into fashion for some industries, and it is easier to attract sales consultants for such marketing strategies due to the relatively low average income levels on the local job market.

To find out more on direct marketing in Latvia visit the website of the Latvian Direct Marketing Association:

<http://www.ltma.lv/>

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce. It is worth noting that the EU is currently overhauling its consumer protection

legislation (a merger of four existing Directives into a single rulebook - “the Consumer Rights Directive” – was tabled and will be examined in 2011). Companies should consult information available via the hyper-links, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

Processing Customer Data

The EU has strict laws governing the protection of personal data, including the Use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

Distance Selling Rules

The EU’s Directive on Distance Selling to Consumers (97/7/EC and amendments) establishes obligations for companies doing business with consumers at a distance. Before entering a sales contract, direct marketers must provide clear information on their identity the identity of their suppliers, full details on prices including delivery costs, and the period for which an offer remains valid. Customers generally have the right to return goods without explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar is the Doorstep Selling Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and ensure the fairness of resulting contracts.

Key Links:

Consumer Affairs Homepage:

http://ec.europa.eu/consumers/index_en.htm

Distance Selling:

http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm

Door-to-Door Selling:

http://ec.europa.eu/consumers/cons_int/safe_shop/door_sell/index_en.htm

Distance Selling of Financial Services

Financial services are the subject of a separate directive that came into force in June 2002 (2002/65/EC). This Directive amends three prior Directives and is designed to ensure that consumers are appropriately protected with respect to financial transactions in which the consumer and the provider are not face-to-face. In addition to prohibiting abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

Direct Marketing over the Internet

The e-commerce Directive (2000/31/EC) imposes specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them must be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Key Link: http://ec.europa.eu/internal_market/e-commerce/index_en.htm

Joint Ventures/Licensing

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A joint venture with a local partner can be a significant help for a U.S. company with little or no experience in the Baltics. A good choice could be a company that is already registered with the Latvian Chamber of Commerce and Industry. However, it is advisable to find out as much as possible about potential partners. Basic information on a local company, as well as its credit rating, can be obtained from Latvian business information companies as well as the Latvian Chamber of Commerce and Industry. Find more information here:

<http://www.chamber.lv/en>

The U.S. Commercial Service offers several services for the purpose of due diligence. Please consult the nearest U.S. Export Assistance Center.

<http://www.export.gov/eac/index.asp>

Selling to the Government

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The EU public procurement market, including EU institutions and Member States, totals around EUR 1,600 billion. This market is regulated by three Directives:

- Directive 2004/18 on Coordination of procedures for the award of public works, services and supplies contracts, and
- Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following sectors: water, energy, transport and postal services.
- Directive 2009/81 on Coordination of procedures for the award of certain works, supply and service contracts by contracting authorities in the fields of defense and security (to be implemented in national laws of EU member states by mid-2011).

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU Member States.

The US and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and services and some works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or is entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions however were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: http://www.buyusa.gov/europeanunion/eu_tenders.html

Government procurement in Latvia is governed by the Public Procurement Law (PPL), which came into force in 2006. A link to an English translation of the PPL is found below. There have been reports of corruption and a lack of transparency in public procurement in Latvia. Business interested in entering this market should consult with legal counsel and the U.S. Embassy for guidance.

[PPL in English.](#)

All EU government tender notices can be viewed in English at: <http://ted.europa.eu>

Distribution and Sales Channels

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Distribution and sales will depend on a company's overall strategy and may not be significantly different from other EU countries. Latvian laws generally do not regulate this topic.

Selling Factors/Techniques

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Selling Factors/Techniques are similar to those applicable in other EU countries. Please see information on language-specific labeling requirements in Chapter 5 of this document

Electronic Commerce

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Electronic Commerce is growing rapidly in Latvia. There are genuine market opportunities for U.S. business in e-commerce. According to a November 2010 report, there were approximately 1.151 million Internet users in Latvia, which is 65% of the total population of the country. Many Latvian companies, including airBaltic and most local banks and insurance companies, have created incentives for customers to use their services exclusively through the Internet.

In July 2003, the EU began applying Value Added Tax (VAT) to sales of Electronically Supplied Services (ESS) by non-EU- based companies to EU based non-business customers. Companies covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules were indefinitely extended following adoption of Directive 2008/8/EC

This rule mainly affects U.S.-based businesses which sell ESS to EU-based, non-business customers. There are a number of compliance options for businesses. We encourage businesses to conduct due diligence and consult tax counsel if they believe these rules apply.

Key Link: http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

Until the end of 2010, Latvian authorities exempted mail-order and Internet sales imports, including orders from Amazon.com and similar online vendors, from VAT, provided the value of the shipment did not exceed 150 euro. On January 1, 2011, however, Latvian authorities reduced that exemption to shipments not exceeding 10 euro.

Trade Promotion and Advertising

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Advertising in Latvia is regulated by the Advertising Law.

[Advertising Law](#) in English.

Advertising may be conducted freely in any printed or electronic media. The leading Latvian-language daily newspapers are "Diena" and "Latvijas Avize." These are followed by "Neatkariga Rita Avize." The leading business newspapers are "Dienas Bizness," published in Latvian, and "Biznes i Baltija" published in Russian. "Vakara Zinas" is a popular tabloid. "Chas" and "Telegraf" are widely read by the Russian-speaking population. There are also many local and niche newspapers and magazines. All information about official tenders and laws is published in the Latvian government newspaper "Latvijas Vestnesis." The only local English speaking Media in Latvia is the Baltic Times. In order to find information on trade events in Latvia see the following websites of local trade show organizers: <http://www.latexpo.lv/en/> and <http://www.bt1.lv/>

Key Link: [Latvian Association of Press Publishers](#)

Pricing

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Each company, except for state regulated sectors with monopoly features (telecommunications, electrical power, gas) is free to choose its pricing policy. However, a state anti-monopoly commission provides oversight to ensure that no cartel agreements are being made. In order to find information on taxes and fees please visit website of the State Revenue Service of Latvia <http://www.vid.gov.lv/>

Sales Service/Customer Support

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In most cases the Latvian market expects customer service and support within the country (or at least nearby). In retail oriented sectors such as IT&T, the market prefers round the clock customer support and guaranteed spare parts delivery within 24 hours.

According to Latvian law, merchandise must be guaranteed for a 24 month period starting from the moment of purchase.

Consumer rights are defended by the law, and consumer claims must be submitted to the Consumer Rights Protection Center. <http://www.ptac.gov.lv/>

Conscious of the discrepancies among member states in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

Product Liability

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link:

<http://ec.europa.eu/enterprise/policies/single-market-goods/product-liability/>

Product Safety

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU. The legislation is undergoing review.

Key link: http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their

trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract.

Key link:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

Protecting Your Intellectual Property

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Please see the [Protection of Property Rights](#) section for more information on Intellectual Property Rights (IPR) in Latvia.

Introduction

Several general principles are important for effective management of intellectual property ("IP") rights in the EU. First, it is important to have an overall strategy to protect IP. Second, IP is protected differently in the EU than in the U.S. Third, rights must be registered and enforced *in* the EU under local laws.

Like all EU Member States, Latvia is a party to the [Berne Convention for the Protection of Literary and Artistic Works](#), so EU copyright protection is automatic and no formal registration is necessary. Therefore, if a company has copyright protection in the US under the Berne Convention, that company will equally have protection in the EU-27, including Latvia. EU Member States are also party to the Berne Union, which allows them to offer more, but not less, protection than is required under the Berne Convention. Many EU Member States have therefore, created domestic registration systems that provide additional benefits to the copyright holder.

As for patents, EU countries have a first to file approach to patent applications, as opposed to the U.S.'s first to invent system. This makes early filing a top priority for innovative companies in the EU. Unfortunately, in the EU it is not yet possible to file for a single patent that would be administered and enforced like those in the US. Since the EU does not yet have a harmonized patent law, inventors need to get protection in each of their target markets either by the European Patent Organisation (EPO) or national patent offices.

If a company wants to protect a trademark asset in the EU, it must register the trademark with an individual Member State or with the EU in the form of a Community Trade Mark (CTM). Registration is especially important in the EU because, unlike in the US, where trademark protection is based on "first use" as well as registration rights; the trademark registration system in the EU is based on a "first-to-file", or more precisely, a "first to successfully register" approach.

Because registration of patents and trademarks is on a first-in-time, first-in-right basis, you should consider applying for trademark and patent protection even before selling your products or services in the EU market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in the EU. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in EU law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the EU require constant attention. Work with legal counsel familiar with EU laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both EU or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- For EU IPR toolkit: <http://www.buyusa.gov/europeanunion/ipr.html>
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers the EU at: ashley.miller@trade.gov.

Although Latvia has enacted all relevant EU standards for the protection of intellectual property rights, these standards are not always adequately enforced in practice. Problems include counterfeit goods, pirated software, music, and motion pictures, and the hosting of file-sharing websites. According to estimates by Business Software Alliance, 56 % of software in Latvia in 2009 was pirated. (For comparison, in Estonia the number is 50 % and in Lithuania, 54 %.) There have been reports of use of unlicensed software by Latvian government offices. The Latvian National Police has a unit which focuses on IPR enforcement and cybercrime, and new legislation lowering evidentiary burdens in infringement cases is expected to have a positive effect.

Due Diligence

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There are many companies that offer due diligence service, and the quality of their service has risen during recent years. However, some of these companies do not

provide service corresponding to international standards. The U.S. Commercial Service provides the International Company Profile program that provides you with background reports on potential agents, distributors and other companies. Our specialists can investigate the financial strength of a company and provide useful information gleaned from the local credit sources, press, industry contacts, and other sources. Please contact Commercial Specialist at US Embassy Riga at the following e-mail address:

vicmanisg@state.gov

Local Professional Services

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Most professional services can be outsourced in Latvia. The quality of service in most cases is comparable to that available in other North European countries. The price/cost relationship is market based like anywhere else in the world. Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union at: www.buyusa.gov/europeanunion/services.html.

Web Resources

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U.S. Department of Commerce Export Assistance Centers:

<http://www.export.gov/eac/index.asp>

U.S. Embassy list of English speaking lawyers:

http://riga.usembassy.gov/list_of_attorneys_18jan2010.pdf

Report on the legal aspects of franchising in the EU:

http://buyusainfo.net/docs/x_9605709.pdf

Baltic Franchising Association:

http://www.franchising.lv/new_site/en/jaunumi.shtml

Latvian Direct Marketing Association:

<http://www.ltma.lv/?lang=en>

Latvian Chamber of Commerce and Industry:

<http://www.chamber.lv/en>

European Union's Tender database:

<http://ted.europa.eu/>

Latvian Procurement Monitoring Bureau:

<http://www.iub.gov.lv/?lng=en>

LATEXPO:

<http://www.latexpo.lv/en/>

BT1:

<http://www.bt1.lv/?link=10000000>

State Revenue Service of Latvia:

<http://www.vid.gov.lv/default.aspx?hl=2>

European Union's toolkit on intellectual property rights

<http://www.buyusa.gov/europeanunion/ipr.html>

EU websites:

Coordination of the laws of the member states relating to self-employed commercial agents (Council Directive 86/653/EEC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

Agreements of Minor importance which do not appreciably restrict Competition under Article 81(1) of the Treaty establishing the European Community

http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

Regulation on late payment:

http://ec.europa.eu/enterprise/policies/single-market-goods/documents/late-payments/index_en.htm

European Ombudsman:

<http://www.ombudsman.europa.eu/home/en/default.htm>

EU's general data protection Directive (95/46/EC):

http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Safe Harbor:

<http://www.export.gov/safeharbor/>

Information on contracts for transferring data outside the EU:

http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm

EU Data Protection Homepage

http://ec.europa.eu/justice/policies/privacy/index_en.htm

Distance Selling Rules:

http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm

Distance Selling of Financial Services:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

E-commerce Directive (2000/31/EC):

http://ec.europa.eu/internal_market/e-commerce/index_en.htm

VAT on Electronic Service:

http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

The Unfair Commercial Practices Directive:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bU.S._pract/index_en.htm

Information to Patients - Major developments:

http://ec.europa.eu/enterprise/pharmaceuticals/patients/patients_key.htm

Nutrition and health claims made on foods:

[Regulation 1924/2006](#)

Provisions of Nutritional Labeling

[Nutritional Labeling Directive 90/496/EC](#)

EU-27 FAIRS Subject Report Health Claims - EU Authorization Procedure 2008:

[GAIN Report E48055](#)

Guidance document on how companies can apply for health claim authorizations:

Summary document from EFSA

http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_summary_en.pdf?ssbinary=true

Full document from EFSA

http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_%20health_claim_en.pdf,2.pdf?ssbinary=true

Health & Nutrition Claims

http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Tobacco

http://ec.europa.eu/health/tobacco/policy/index_en.htm

Product Liability:

http://europa.eu/legislation_summaries/consumers/consumer_safety/l32012_en.htm

Product Safety

http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Copyright: http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm

Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive (2001/29/EC):

http://eur-lex.europa.eu/pri/en/oj/dat/2001/l_167/l_16720010622en00100019.pdf

Industrial Property

http://ec.europa.eu/internal_market/indprop/index_en.htm

European Patent Office (EPO)

<http://www.european-patent-office.org>

Office for Harmonization in the Internal Market (OHIM)

<http://oami.europa.eu/>

World Intellectual Property Organization (WIPO) Madrid

<http://www.wipo.int/madrid/en>

Directive on harmonizing trademark laws:

http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

U.S. websites:

IPR Toolkit: <http://www.buyusa.gov/europeanunion/ipr.html>

EU Public Procurement: http://www.buyusa.gov/europeanunion/eu_funds.html

Local Professional Services: <http://www.buyusa.gov/europeanunion/services.html>.

EU Member State Country Commercial Guides - Market Research Library: [EU Member States' Country Commercial Guides](#)

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Chapter 4: Leading Sectors for U.S. Export and Investment

The Showcase Europe program run by the U.S. Department of Commerce's offices throughout Europe provides U.S. exporters a broader perspective on the European market. It is organized around eight leading sectors (listed alphabetically): aerospace & defense, automotive, energy & power generation, environmental technologies, information & communications technologies, medical & pharmaceutical, safety & security and travel & tourism. For more information on how to receive an assessment of your company's product potential in Europe, please visit: <http://www.buyusa.gov/quicktake>.

Unit: USD billions

EU Economy Indicators	2009
GDP	16,447.259
Total Exports	1,952
Total Imports	1,690
Imports from the U.S.	220.6
Exports to the U.S.	281.8
Exchange Rate (Euro Zone): 1 USD	.719843

Data Sources: Country Fact Sheet, IMF,

Commercial Sectors in Latvia

- [Computer Services \(CSV\)](#)
- [Telecommunications Services \(TES\)](#)
- [Computers and Peripherals \(CPT\)](#)
- [Forestry/Woodworking Equipment \(FOR\)](#)
- [Travel and Tourism Services \(TRA\)](#)
- [Drugs/Pharmaceuticals \(DRG\)](#)
- [Renewable Energy Equipment \(REQ\)](#)
- [Transportation Services \(TRN\)](#)

[Agricultural Sectors](#)

Computer Services (CSV)

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One of Latvia's priorities since regaining independence has been to update its outdated data communications sectors, and large investments have been made both in telecommunication and high-speed data transmission networks. The software development sector has significantly increased its role in Latvia's economy (including exports) during recent years. The Latvian Information and Communications Technology sector consists of about 2000 ICT companies.

The Latvian government has adopted the "e-Latvia" program, which strives to modernize overall communication with public and streamline documentation procedures. The most important element of the program is the coordination and modernization of critical national information systems and successful implementation of an e-governance system.

Both Internet and electronic commerce are rapidly penetrating the Latvian market and increasing the need for IT related services and support. U.S. exports have good prospects in the IT&T services sector, especially: Internet/intranet systems and networks implementation, education and training, and support services. In 2010 there were approximately 1.15 million Internet users in Latvia, or about 65% of total population of the country.

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Good prospects exist in the sector of data centers, due to Latvia's highly educated, multi-lingual, tech-savvy workforce. Good prospects can also be found in almost any computer services sphere if market size and sector maturity are taken into account.

Opportunities

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The growing popularity of the Internet in Latvia has highlighted the necessity for computer and network security. This sector will only grow, especially taking into account the popularity of online banking in the country. Opportunities can also be found in: software development and re-design, enterprise resource planning services, implementation of Internet B2B software, development of payment card systems, adaptation of foreign software, development of electronic communications, development of call centers.

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Latvian Internet Association: <http://www.lia.lv/>

Latvian Information Technology Telecommunication Association: <http://www.likta.lv/>

Latvian Investment and Development Agency http://www.liaa.gov.lv/?object_id=2159

Telecommunications Services (TES)

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The telecommunications sector has grown rapidly in Latvia during the last decade. In 2002, as an EU aspirant country, Latvia liberalized its telecommunications market through amendments to the Law on Telecommunications. Although the former monopoly Lattelecom remains strong in the fixed line segment, it does not dominate the sector as a whole. The number of mobile telecommunications subscribers exceeded the number of subscribers to fixed line telecommunications in 2002, and the trend of growing mobile phone use and shrinking fixed line use continues. In November 2010, the Latvian Competition Council approved a merger of two large cable television/Internet providers, Baltkom Group and Izzi Group, to form the largest single cable television provider in Latvia. Lattelecom, however, retains a major market share in the pay TV market.

Latvia has an optical fiber network that is connected to Scandinavia and Western Europe. The major telecommunication providers are Lattelecom Ltd and JSC Latvenergo. Lattelecom is co-owned by the leading Scandinavian telecommunications group TeliaSonera. The company has digitalized the country-wide telecommunications network and offers an excellent quality of telecommunications. Latvenergo is a member of alliance For Connecting Europe (4cE). The 4cE basic network connects Denmark, Germany, Austria, Poland, the Baltic States and the Czech Republic that jointly provide data transmission, voice and video transmission.

The strongest sub-sectors of the telecommunications sector are digital line installation and mobile telecommunications services. The entrance of new operators in the Latvian mobile telecommunications market has brought further development and competition. There are three major mobile operators in Latvia: LMT, Tele2 and BITE. Supported by various new technologies, such as EDGE, GPRS, and HSDPA, Latvian GSM operators offer a wide range of m-payment and e-payment services. Triatel is the only operator that operates in the CDMA 2000 standard. Nokia still holds the position of the most popular cell phone brand in Latvia followed by such names as Siemens, Samsung, and Sony-Ericsson. LMT began offering packages for Apple's iPhone 4 in November 2010.

Sub-Sector Best Prospects

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Digital line installation, mobile telecommunications services, and B2B solutions for telecommunications companies.

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Software, Hardware, VoIP accessories, Accessories for mobile phones.

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Public Utilities Commission: <http://www.sprk.gov.lv/>

The Ministry of Transport: <http://www.sam.gov.lv/satmin/content/?cat=134>

Latvian Investment and Development Agency:
http://www.liaa.gov.lv/?object_id=789Computers and Peripherals (CPT)

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Information technology is one of the most dynamic and most rapidly developing industries in Latvia. Developing a Western-style information society was a vital part of Latvia's strategy prior to joining the EU. The computer hardware sector covers approximately 50 percent of the Latvian IT market.

Sales were accelerated by implementation of the Latvian Education Information System (LIIS). This program ensured that every school had specialized computer classes with access to the Internet, and provided one computer per 10 students in grades 10-12, one computer per 25 students in grades 5-9, and one computer per 10 teachers (for all grades). Now this program has been replaced by an expanded Information and Communication Technologies for Education Quality Program for the years 2007-2013.

Sub-Sector Best Prospects

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The best prospects for U.S. computer hardware exports to Latvia are for new personal computers with the latest versions of processors, small and medium multi-processor servers, multimedia equipment, LAN accessories and relevant computer parts, and Internet protocol related equipment. Second-hand and overstock personal computers represent a new and growing market niche. The principal consumers of these products in Latvia are private individuals who obtain computers for home use.

Opportunities

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Principal opportunities are for retail home use. There are also good opportunities for companies that want to use Latvia as a logistical center for distribution in Northern Europe and nearby Russia. Considering the relatively low cost of production and well educated workforce, computer companies could also consider placing production lines in Latvia. The success of enterprises such as ELKO grupa (the largest IT wholesale company), Hanza Elektronika, and Mikrotik show the viability of such plans.

Web Resources

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Latvian Electrical Engineering and Electronics Association:

<http://www.letera.lv/about.html?l=3>

Latvian Information Technology Telecommunication Association: <http://www.likta.lv/>

Forestry/Woodworking Equipment (FOR)

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The forestry and wood processing industry has a long tradition in Latvia. Timber processing is the largest processing industry and timber is one of the top products in Latvian exports. Forests cover more than half of the territory of Latvia. The local saw mill industry has strong potential. However, existing mills need technology and machinery upgrades, as well as more modern managerial and marketing techniques. Both raw materials and labor are available at relatively low cost. From 1995-2005 Latvia unsuccessfully tried to reestablish the pulp and paper industry. The Government of Latvia approved a project to build a cellulose plant in Latvia with a capacity of 600,000 tons of pulp per year (at a cost of USD 960 million). The niche remains open. Currently, pulpwood is exported to Finland and Sweden, and there is plenty of opportunity to develop smaller pulp and paper mills in Latvia.

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Best prospects for U.S. exports are saw mill equipment, woodworking and furniture making machinery, plant technologies and training, pulp and paper mills (new and second hand).

Opportunities

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The primary opportunities are sales of sawmill or woodworking equipment and machinery.

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Latvian Investment and Development Agency: http://www.liaa.gov.lv/?object_id=789
Latvian Forest Industry Federation: <http://www.latvianwood.lv/>

Travel and Tourism Services (TRA)

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Currently Latvia's tourism sector is one of the fastest growing in the European Union. This growth has been steady over the past several years. It has been spurred by the Government of Latvia's implementation of the EU Open Skies policy and incentives for air carriers that attract additional passengers to Riga International Airport. In 2010 the number of serviced passengers grew by 14.7% in comparison with the previous year and reached a turnover of 4.66 million passengers. Although the number of new tourist accommodations has grown significantly, the market still would benefit from the presence of additional international chains.

There are tax incentives for rural tourism available in Latvia as well and financing from European Union structural funds in 2007-2013 is also available for the tourism sector.

Opportunities for U.S.-bound tourism and travel will increase as Latvia continues to recover from the recent economic downturn.

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This market is still developing, and almost any product can still find a niche if appropriately priced and marketed.

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Good opportunities exist in the Travel and Tourism sector, particularly in hotel, airport, and ferry operating businesses.

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State Tourism Development Agency: <http://tava.gov.lv/tava/index.php>
Riga International Airport: <http://www.riga-airport.com/en>

Drugs/Pharmaceuticals (DRG)

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The state has considerable influence on the medical services sector in Latvia. All the primary hospitals and rehabilitation centers are state-owned and receive centralized financing from the state budget. Therefore, a large part of drug and pharmaceutical procurement passes through state-organized tenders. However, the retail and wholesale market for pharmaceuticals is left entirely to private businesses.

Growth in the economy has also improved public welfare and allowed the government to increase procurement of cutting edge medicine. Some prescribed drugs, such as those used for diabetes, HIV, and TB, are subsidized by the state, and the Latvian authorities have indicated that fighting tuberculosis, tick-borne encephalitis, and HIV are key priorities. U.S. development funding helped establish a research center dedicated to drug-resistant tuberculosis. This center cooperates with the U.S. Center for Disease Control, and has helped Latvia develop expertise in this field. A pharmaceuticals company could enter the market either by opening a branch office in Latvia or by approaching a Latvian wholesale company that already has an established brand name and base of clients.

All drugs sold in Latvia must be certified by the State Drugs Agency before entering the market. FDA certification is not enough for selling the drugs in Latvia, although FDA results will be helpful in the certification process.

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There are excellent opportunities for both innovative and generic drugs.

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Latvia puts significant emphasis on public health and disease prevention schemes. As such, there are numerous opportunities in vaccines and medicines for TB, tick-borne encephalitis, diabetes, HIV, flu and other diseases.

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The Ministry of Health of the Republic of Latvia:

<http://www.vm.gov.lv/index.php?setlang=en>

State Agency of Medicines of Latvia <http://www.vza.gov.lv/index.php?setlang=en&large>

Renewable Energy Equipment (REQ)

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Latvia already has one of the most "green" supplies of energy in the world, due to substantial hydro-electric capacity. However, the European Union is actively working to reduce the effects of climate change and establish a common energy policy. The current EU policy dictates that Latvia must increase the share of renewable energy in final energy consumption by 7.1% to reach 42% by 2020.

Most of Latvia's heat, and much of its electricity, comes from imported natural gas. The Government of Latvia is interested in developing more local resources to reduce reliance on foreign sources of energy.

To reach these targets, Latvia is looking to move beyond hydro power and into wind and biomass power plants. Many stretches of the Baltic coast have wind conditions suitable for wind parks, especially off-shore. Over half of Latvia is covered by forest, so wood biomass presents excellent potential for further development.

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Wind parks, Combined Heat and Power turnkey plants; Small-scale hydropower equipment and technology; Free-flow hydropower turbines and related technology.

Opportunities

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The most promising sectors for the renewable energy equipment in Latvia are wind energy and energy produced in combined heat and power plants. The Latvian Government provides support for the production of energy from renewable energy resources (wind, biomass, etc).

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Public Utilities Commission <http://www.sprk.gov.lv/>

Ministry of Economy, Energy Department <http://www.em.gov.lv/em/2nd/?cat=30166>

Transportation Services (TRN)

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Due to Latvia's modest natural resource base and its strategic location between the EU and large markets to the East, the transportation sector is one of the most important in Latvia. Transportation services in Latvia have experienced high growth in added value in recent years. The crisis in 2008-2009 has not affected this sector as deeply as it has hit other sectors and it is expected to recover quickly. Latvia's geography, infrastructure and close ties with Russia and other CIS countries gives this sector great potential.

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Latvia has three major sea ports: Riga, Liepaja and Ventspils. Each is actively working on development and investment projects. All three ports offer support mechanisms for potential investors. Best prospects are in developing different cargo terminals in the specified sea ports.

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There are many opportunities in Latvia given its good access to ports and railways to Russia and its high labor competitiveness. Analysts project growth in trade between Russia and Europe (and the rest of the world), and Latvia has responded to the financial crisis with measures that may increase Latvian trade. In addition to rail and seaports, Latvia has potential to grow in road freight by investing in infrastructure improvements, and in air transport for both passengers and freight. The rapid growth of Latvia's national air carrier, airBaltic, provides opportunities for aircraft leasing and sales.

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Transit Latvia <http://www.transport.lv/default.htm>
Latvian Ministry of Transport <http://www.sam.gov.lv/>
Riga Free Port <http://www.freeportofriga.lv/>
Ventspils Free Port <http://www.investinventspils.lv/>
Liepaja Free Port <http://www.liepaja-sez.lv/>

Agricultural Sectors

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Despite frequent disputes, bilateral agricultural trade between the United States and the EU-27 totaled \$23.7 billion in FY 2007. The EU is the fourth largest export market for U.S. agricultural products after Canada, Mexico and Japan. For the ninth year in a row, the trade balance of agricultural, forestry, and fishery goods continued in the EU's favor (\$14.5 billion vs. \$9.2 billion). U.S imports from the EU included European wine and beer, essential oils, olive oil, processed products, and cheese.

The main U.S products exported to the EU (by value) are consumer-oriented products including tree nuts, fish products, soybeans, processed fruit and vegetables, wine and beer, and tobacco. Increases were seen in U.S. exports of soybean meal, poultry meat, eggs and products, breakfast cereals, wheat flour, crab and meat, and soybean oil.

Global branding and further integration of European markets is continuing to produce a more homogeneous food and drink market in Europe, but significant national differences in consumption remain. Nevertheless, certain common trends are evident throughout the EU: demand for greater convenience, more openness to non-traditional foods, and a growing interest in health foods, organics and niche markets. For a thorough analysis of what commodities and products offer the best opportunities, access <http://www.fas.usda.gov/posthome/useu/> and consult the individual member states' exporter guides: FAIRS Reports <http://www.fas.usda.gov/posthome/useu/> and consult the individual member states' exporter guides: [FAIRS Reports](#)

The agricultural sector in Latvia is important, and continues to develop in the post-Soviet era. U.S.-manufactured tractors and other equipment are well-represented. Farmers' groups, such as the Farmers Union, have expressed interest in U.S. equipment, farming technology, and consulting services.

Latvian government policies are generally unfavorable to biotechnology. Although most food/feed safety and import control issues are handled at the EU level, these local policies can negatively affect U.S. exports. Nevertheless, good opportunities for U.S. exports exist for products such as animal feed, animal genetic material, nuts, and health food and dietary supplements.

Please see the website of the Farmers Union of Latvia for more information:
<http://www.zemniekusaeima.lv/en/>

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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Latvian Integrated Tariff Management System: <http://itvs.vid.gov.lv/itms/>

There are no specific import tariffs for US goods set by Latvia. All import policy and tariffs are under the mandate of the EU. Customs duties are payable in the country of entry in the EU, where imported goods are cleared for intra-community circulation.

Trade Barriers

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For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:

http://www.ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset_upload_file348_15473.pdf

Information on agricultural trade barriers can be found at the following website:

<http://www.fas.usda.gov/posthome/useu/>

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://www.buyusa.gov/europeanunion>.

Import Requirements and Documentation

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Please consult the website of the National Customs Board of Latvia:

<http://www.vid.gov.lv/default.aspx?tabid=9&hl=2>

U.S. Export Controls

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The U.S. Department of Commerce Bureau of Industry and Security (the Bureau) develops implements and interprets the U.S. export control policy for dual-use commodities, software, and technology. Dual-use items subject to BIS regulatory jurisdiction have predominantly commercial uses, but also have military applications. Exporters must contact the Bureau in case of questions and to obtain permission to export sensitive technology items from the United States. Further information and contact details of the Bureau can be found at the website: <http://www.bis.doc.gov/>.

Additional information on U.S. Export controls and licenses can be found here: http://www.export.gov/regulation/eg_main_018219.asp

Temporary Entry

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Goods are accepted for temporary entry if they stay for no more than 24 months in the customs zone and then leave the country.

Labeling and Marking Requirements

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Labeling is harmonized with EU regulations. Exact requirements depend upon the type of product and its intended usage. Labels and instructions must be in Latvian. They must contain the name of the product, information about the manufacturer, importer, and (in some cases), instructions for use.

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at: http://www.buyusainfo.net/docs/x_4171929.pdf.

You can find more information on these websites:

http://europa.eu.int/comm/trade/issues/respectrules/tdi_enlarg/exporters.htm
http://ec.europa.eu/youreurope/business/countries/latvia/index_en.htm

Prohibited and Restricted Imports

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The Integrated Tariff of the European Communities (TARIC) is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link:

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Customs Regulations and Contact Information

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The transit of goods through Latvia is not subject to import and export duties or Value Added Tax.

The applicable import rates vary depending on the origin and the type of goods imported. Since Latvia is a member of the WTO and the EU, rating practices required by these organizations have been adopted. As an EU member state, import tariffs are dependant and regulated by the pertinent EU-US bilateral agreements.

There are no import or export tariffs for the movement of goods between Latvia and other EU countries.

The Customs Law provides for customs duty exemptions, and foreign investors commonly exempt the temporary import of goods.

Besides customs duties, imports are subject to value-added-taxes (VAT) and may also be subject to excise tax and tax on natural resources. VAT rates are 12 or 22% depending on the group of goods.

National Customs Board of Latvia
11.novembra krastmala 17,
LV1841 Riga, Latvia
Phone: +371 67111200
Fax: +371 67111403
e-mail: MP.konsultacija@vid.gov.lv

Standards

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While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union. Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the [New Approach](#) are harmonized across the 27 EU Member States and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of new approach

legislation, go to http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://www.fas.usda.gov/posthome/useu/>

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: <http://www.fas.usda.gov/posthome/useu/>

Standards Organizations

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EU Standards setting is a process based on consensus. It can be initiated by industry or mandated by the European Commission and is carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization. The Latvian National Standardization Body, (<https://www.lvs.lv/>) has responsibility for developing Latvian national standards.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

CENELEC, European Committee for Electrotechnical Standardization
(<http://www.cenelec.org/>)

ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)

CEN, European Committee for Standardization, handling all other standards
(<http://www.cen.eu/cenorm/homepage.htm>)

Each standards organization has its own approach, so interested parties should seek additional information on each organizations' websites. EU-harmonized standards can be found on <http://www.newapproach.org>.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO), such as Latvia, are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at: <http://www.nist.gov/notifyus/>

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. Interested parties can find conformity assessment bodies in Latvia on this EU Commission list.

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and CEN workshop agreements (CWA) Certification Rules. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

Product Certification

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To sell products in the EU, Norway, Liechtenstein and Iceland, U.S. exporters must apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether to use EU-wide harmonized standards. This section provides background on the CE marking process. Interested parties should engage qualified counsel for additional assistance.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers can develop when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by Member State inspectors, the consumer may well perceive it as a quality mark.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any

time, together with the product's technical file), or the documents accompanying the product.

Accreditation

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Independent certification bodies, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements. "European Accreditation" (<http://www.european-accreditation.org/content/home/home.htm>) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

Latvian National Accreditation Bureau <http://www.latak.lv/ENG/aboutus/index.htm>

Publication of Technical Regulations

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The Official Journal is the official gazette of the European Union. It is published daily on the Internet and consists of two series covering draft and adopted legislation as well as case law, studies by committees, and more (<http://eur-lex.europa.eu/JOIndex.do>) It lists the standards reference numbers linked to legislation (http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm). National technical Regulations are published on the Commission's website http://ec.europa.eu/enterprise/tris/index_en.htm to allow other countries and interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT) Agreement to report to the WTO all proposed technical regulations that could affect trade with other member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect access to international markets. Register online at: <http://tsapps.nist.gov/notifyus/data/index/index.cfm>

Labeling and Marking

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Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC, harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

Key Link: http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

The Eco-label

The EU eco-label is a voluntary label which US exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally-friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the product from manufacture, to use, to disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures. There are currently twenty-three different product groups, and approximately 250 licenses have been awarded for several hundred products.

Applications to display the eco-label should be directed to the competency body of the member state in which the product is sold. The application fee will be somewhere between €300 and €1300 depending on the tests required to verify if the product is eligible. The eco-label also carries an annual fee equal to 0.15% of the annual volume of sales of the product range within the European community. However, the minimum annual fee is currently set at €500 and maximum €25,000. There are plans to significantly reform the eco-label in the near future, reducing the application and annual fees and expanding the product ranges significantly. It is also possible that future eligibility criteria may take into account carbon emissions.

Key Links: [Eco-label Home Page](#)
[Product Categories eligible for the Eco-label](#)
[Eco-Label Catalogue](#)
[List of Competent Bodies](#)
[Revision of the Eco-label](#)
[The Eco-label and Carbon Footprint](#)

Contacts

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Latvian Standard (LVS)
157, Kr. Valdemara Street
Riga, Latvia LV-1013
Tel: +371 67 362 464
Fax: +371 67 371 324
E-mail: lvs@lvs.lv
Web: https://www.lvs.lv/en/services/services_EP.asp

Latvian National accreditation bureau
157, Kr. Valdemara Street
Riga, Latvia LV-1013
Tel: +371 67 373 051
Fax: +371 67 362 990,
E-mail: latak@latak.lv
Web: <http://www.latak.lv/ENG/index.htm>

Trade Agreements

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A complete list of bilateral Agreements signed between Latvia and the United States can be found at the following website: <http://www.am.gov.lv/en/policy/bilateral-relations/>
For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see http://tcc.export.gov/Trade_Agreements/index.asp.

Web Resources

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EU websites:

Online customs tariff database (TARIC):

http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

The Modernized Community Customs Code (MCCC):

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm.

ECHA: http://echa.europa.eu/doc/press/pr_08_38_candidate_list_20081028.pdf

Taxation and Customs Union:

http://ec.europa.eu/taxation_customs/customs/index_en.htm

Regulation (EC) 648/2005:

Security and Safety Amendment to the Customs Code

Decision N° 70/2008/EC:

http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Regulation (EC) 450/2008):

Modernized Community Customs Code

Legislation related to the Electronic Customs Initiative:

http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

International Level:

[Customs value](#)

What is Customs Valuation?

http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm

Customs and Security:

Two communications and a proposal for amending the Community Customs Code

http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Establishing the Community Customs Code:

Regulation (EC) n° 648/2005 of 13 April 2005

Pre Arrival/Pre Departure Declarations: [Pre Arrival / Pre Departure Declarations](#)

AEO: [Authorized Economic Operator](#)

Contact Information at National Customs Authorities:

http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm

New Approach Legislation: http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm

Cenelec, European Committee for Electrotechnical Standardization:

<http://www.cenelec.eu/Cenelec/Homepage.htm>

ETSI, European Telecommunications Standards Institute:

<http://www.etsi.org/>

CEN, European Committee for Standardization, handling all other standards:

<http://www.cen.eu/cenorm/homepage.htm>

Standardisation – Mandates:

http://ec.europa.eu/enterprise/standards_policy/mandates/.

http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm

ETSI – Portal – E-Standardisation :

http://portal.etsi.org/Portal_Common/home.asp

CEN – Sector Fora:

<http://www.cen.eu/cenorm/sectors/index.asp>

Nando (New Approach Notified and Designated Organizations) Information System:

<http://ec.europa.eu/enterprise/newapproach/nando/>

Mutual Recognition Agreements (MRAs):

<http://ts.nist.gov/Standards/Global/mra.cfm>

European Co-operation for Accreditation:

<http://www.european-accreditation.org/content/home/home.htm>

Eur-Lex – Access to European Union Law:

<http://eur-lex.europa.eu/en/index.htm>

Standards Reference Numbers linked to Legislation:

http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm

<http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/whatsnew.html>

National technical Regulations:

http://ec.europa.eu/enterprise/tris/index_en.htm

NIST - Notify U.S.: <http://tsapps.nist.gov/notifyU.S./data/index/index.cfm>

Metrology, Pre-Packaging – Pack Size:

http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

European Union Eco-label Homepage:

http://ec.europa.eu/comm/environment/ecolabel/index_en.htm

Eco-Label Catalogue:

<http://www.eco-label.com/default.htm>

U.S. websites:

National Trade Estimate Report on Foreign Trade Barriers:

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2009/2009-national-trade-estimate-report-foreign-trad>

Agricultural Trade Barriers:

<http://www.fas.U.S.da.gov/posthome/Useu/>

Trade Compliance Center:

<http://www.trade.gov/tcc>

U.S. Mission to the European Union:

<http://www.buyusa.gov/europeanunion>

The New EU Battery Directive:

http://www.buyusainfo.net/docs/x_8086174.pdf

The Latest on REACH:

<http://www.buyusa.gov/europeanunion/reach.html>

WEEE and RoHS in the EU:

<http://www.buyusa.gov/europeanunion/weee.html>

Overview of EU Certificates:

<http://useu.usmission.gov/agri/certificates-overview.html>

Center for Food Safety and Applied Nutrition:

<http://www.cfsan.fda.gov/>

EU Marking, Labeling and Packaging – An Overview

http://www.buyusainfo.net/docs/x_4171929.pdf

The European Union Eco-Label:

http://buyusainfo.net/docs/x_4284752.pdf

Trade Agreements:

http://tcc.export.gov/Trade_Agreements/index.asp

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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The Latvian government actively encourages foreign direct investment, and works with investors to improve the country's business climate. The Latvian Government meets annually with the Foreign Investors Council in Latvia (FICIL), which represents large foreign companies and chambers of commerce, with an aim to improve the business environment and encourage foreign investment. In August 2010 the Latvian government established the Coordination Council for Large and Strategically Important Investment Projects, chaired by the Prime Minister.

The government works to bring Latvian economic institutions, laws and regulations into conformity with EU directives.

In keeping with European Union and World Trade Organization requirements, there is generally no screening of foreign investment. However, in cases of greenfield investment requiring licenses regulated by the Public Services Regulatory Commission, or when the state offers tax exemptions or other concessions, significant due diligence measures may be applied. Tender regulations for greenfield investment projects are prepared on a case-by-case basis.

Business activities are regulated by the Commercial Law, which serves as the legal framework for establishing, registering, operating and closing a business in Latvia. The law specifies five possible business legal entities: individual entrepreneurs, partnerships (general and limited) and corporations (joint stock and limited liability companies).

The Commercial Law, which came into force on January 1, 2002, provides protection for creditors, stipulates accountability requirements for managers, requires off-shore companies to disclose their shareholders, and prohibits companies from using cash reserves to purchase their own shares

Physical and legal persons who are citizens of Latvia or of other EU countries may freely purchase real property. In general, physical and legal persons who are citizens of non-EU countries ("third-country nationals") may also freely purchase *developed* real property. However, third-country nationals may not directly purchase certain types of agricultural, forest, and undeveloped land. Such persons may, however, acquire ownership interest in such land through a company registered in the Register of Enterprises of the Republic of Latvia, provided that more than 50 percent of the company is owned by: (a) Latvian citizens and/or Latvian governmental entities; and/or (b) physical or legal persons from countries with which Latvia signed and ratified an international agreement on the promotion and protection of investments on or before December 31, 1996; or for agreements concluded after this date, so long as such agreements provide for reciprocal rights to land acquisition. The U.S. and Latvia have such an agreement. In addition, foreign investors can lease land without restriction for up to 99 years.

Other restrictions apply (to both Latvian citizens and foreigners) to the acquisition of land in Latvia's border areas, Baltic Sea and the Gulf of Riga dune areas, and other protected areas.

The Law on Privatization of State and Municipal Property governs the privatization process in Latvia. The Latvian Privatization Agency (LPA), established in 1994, uses a case-by-case approach to determine the method of privatization for each state enterprise. The three allowable methods are: public offering, auction for selected bidders, and international tender. For some of the largest privatized companies, a percentage of shares may be sold publicly on the Nasdaq OMX Riga Stock Exchange. The government may maintain shares in companies deemed important to the state's strategic interests. Privatization of small and medium state enterprises is considered to be largely complete.

Latvian law designates six State Joint Stock Companies that cannot be privatized: Latvenergo (energy), Latvijas Pasts (post), International Airport "Riga", Latvijas Dzelzceļš (railways), Latvijas Gaisa Satiksme (air traffic control), and Latvijas Valsts Meži (forests). Discussions on possible privatization of the above-mentioned companies have resurfaced in light of current economic fiscal conditions, but local experts do not foresee privatization of any of these companies over the course of the next year. Other large companies in which the Latvian government holds a controlling interest include airBaltic (air carrier), Lattelecom (land phone line and Internet services provider), and Latvian Mobile Telephone (Latvia's largest mobile phone operator).

The global recession of 2008-2009 was particularly severe in Latvia, leading to a reduction in overall levels of FDI along with a nearly 25% drop in GDP. The banking sector was hard-hit, leading to the failure and government takeover of one large bank, Parex, which negatively affected the government's fiscal situation and led to fears of devaluation. However, falling wages and prices, coupled with a highly flexible labor market, have increased Latvia's competitiveness. The government's deficit-reduction

efforts, which have been implemented in coordination with the International Monetary Fund and the European Commission, appear to have stabilized the economy as growth returned to Latvia in the second half of 2010. The chart below shows Latvia's rank on several prominent international measures of interest to potential investors.

Index	2010	2009
TI Corruption Index	59 th	56 th
Heritage Economic Freedom	50 th	45 th
World Bank - Doing Business	24 th	27 th

Conversion and Transfer Policies

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Latvia has pegged its national currency, the Lat, to the Euro at the rate 1 EUR = 0.702804 LVL since January 1, 2005. As of January 2005 the Bank of Latvia unilaterally limits the Lat's exchange rate against the Euro to $\pm 1\%$ of the central rate. Latvia entered the EU's Exchange Rate Mechanism II (ERM II) on May 2, 2005. The Latvian government is committed to pursue membership in the Euro Zone, but the current and forecasted economic situation, according to government officials and analysts from the private sector, will probably preclude entry before 2014.

Latvian law provides for unrestricted repatriation of profits associated with an investment. Investors can freely convert local currency into foreign exchange at market rates, and have no difficulty obtaining foreign exchange from Latvian commercial banks for investment remittances. Exchange rates and other financial information can be obtained at the Central Bank of Latvia's web site at www.bank.lv.

Expropriation and Compensation

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There have been no cases of arbitrary expropriation of private property by the government of independent Latvia. Expropriation of foreign investment is possible in a very limited number of cases specified in the law on expropriation of real property. Compensation must be paid in full within three months of the date of expropriation. If the owner of the property claimed by the government deems the compensation inadequate, the owner has the right to appeal to a Latvian court.

Dispute Settlement

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The 1993 Law on Judicial Power introduced a three-tier court system. Judicial power is exercised by town, city and rural districts; regional courts; and the Supreme Court. In addition, the Constitutional Court reviews the compatibility of decrees and acts of the President of the Republic, the government and local authorities with the constitution and the law. Unless otherwise stipulated by law, district courts are the courts of first instance in all civil, criminal and administrative cases. Regional courts are vested with the authority of appellate review for district court verdicts. In addition, regional courts are courts of first instance for cases specified in the Civil Code. Such cases include claims exceeding LVL 150,000 (approximately USD 300,000), cases on the protection of patent rights, trademarks and geographical indications, and cases on the insolvency and liquidation of credit institutions. The Supreme Court consists of the Senate and two Chambers of Court: the Civil Chamber of Court and the Criminal Chamber of Court.

Judges are appointed by the Minister of Justice and their appointments are confirmed by parliament after two years of professional practice. After the parliament confirmation, judges have absolute security of office, which can only be called into question if they have committed a crime. Supreme Court justices are determined by the parliament, upon the recommendation by the Chief Justice.

City and regional courts are administered by the Ministry of Justice (www.tm.gov.lv). The Supreme Court and Constitutional Court are independent. However, improvements in the judicial system are needed to accelerate the adjudication of cases, to strengthen the enforcement of court decisions, and to upgrade professional standards. Significant backlogs exist, particularly in the lower courts.

A register of arbitration institutions was established in 2005. According to the information available in the Register, there are 199 arbitration institutions registered in Latvia (www.ur.gov.lv). In most commercial agreements, parties opt to refer their disputes to arbitration rather than to the Latvian courts.

The Civil Procedure Law, which came into force on March 1, 1999, contains a section on arbitration courts. This section was drafted on the basis of the UNCITRAL model law, thus providing full compliance with international standards. The law also governs the enforcement of rulings of foreign non-arbitral courts and foreign arbitrations.

Latvia joined the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and thus judgments of foreign arbitral courts that are made in accordance with the convention can be enforced in Latvia. In addition, the civil procedure law stipulates that the judgments of foreign non-arbitral courts can be enforced in Latvia.

There are two laws governing bankruptcy procedure: the Law on Insolvency that came into force on January 1, 2008, amended in November 2010; and the Law on Credit Institutions, which regulates bankruptcy procedures for banks and other financial sector companies, which came into effect in 1995. Recent changes to the Law on Insolvency were designed to make the process more efficient and accessible to physical persons.

Performance Requirements and Incentives

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The Latvian government extends national treatment to foreign investors. Therefore most investment incentives and requirements apply equally to local and foreign businesses.

However, the Latvian government has prepared a series of incentive schemes for investment, both foreign and domestic, in several free ports, special economic zones, and in special support regions. For more information on these programs, see http://www.liaa.gov.lv/eng/invest_in_latvia/latvian_business_guide/incentives_for_investors/).

Except for specific requirements for investors acquiring former state enterprises through the privatization process, there are no performance requirements for a foreign investor to establish, maintain or expand an investment in Latvia. In the privatization process, performance requirements for investors, both foreign and domestic, are determined on case-by-case basis. Typically, these include requirements to maintain a specified

employment level and to invest a specified amount of money into the company. The privatization requirements are subject to negotiation. The Privatization Control Department at the Latvian Privatization Agency (LPA) reviews the progress of each privatized company over the three years following privatization. If an investor does not meet the specified requirements, the LPA breaks the agreement with the investor. As the requirements are usually measurable, LPA decisions in such situations are generally transparent and fair.

Under Latvian law, foreign citizens can enter Latvia for temporary business activities for up to three months in a half-year period. For longer periods of time, foreigners are required to obtain residence and work permits.

On July 1, 2010, amendments to the Latvian Immigration Law came into force. The amendments provide that a physical third-country national may obtain a five-year temporary residence permit if he or she has made certain minimum equity investments in a Latvian company, certain subordinated investments in a Latvian credit institution, or purchased real estate for certain designated sums, subject to limitations in each case.

Right to Private Ownership and Establishment

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The Latvian constitution guarantees the right to private ownership. Both domestic and foreign private entities have the right to establish and own business enterprises and engage in all forms of commercial activity, except those prohibited by the law. Private enterprises have competitive equality with public enterprises with respect to access to markets and business operations.

Protection of Property Rights

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Since regaining independence in 1991, Latvia has restored full legal rights to property.

In an effort to harmonize its legislation with EU and WTO requirements, Latvia has established a legal framework for the protection of intellectual property. In 1993, the Latvian Parliament passed legislation to protect copyrights, trademarks and patents. In 2000, the Parliament adopted a new Law on Copyrights. The law strengthens protection of software copyright and neighboring rights. Foreign owners may seek redress for violation of their intellectual property rights through the appeal council at the Latvian Patent Office; court action can also be sought in such cases. In copyright violation cases, the interested party can request that the use of the pirated works be prohibited, that pirated copies be destroyed and that remuneration for losses be paid (including for lost profits). The criminal law stipulates penalties for copyright violations.

In July 1994, the United States signed a Trade and Intellectual Property Rights Agreement with Latvia. Latvia has been a member of the World Intellectual Property Organization (WIPO) since January 1993, a member of the Paris Convention since September 1993, a member of the Berne Convention since August 1995, and the Geneva Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms since August 1997. In addition, the Latvian government has amended all relevant laws and regulations in order to comply with the requirements of the WTO TRIPS agreement (Agreement on Trade-Related Aspects of Intellectual Property Rights), to which Latvia acceded by joining the WTO.

Latvia has also acceded to the following international treaties and agreements:

- Patent Co-operation Treaty (September 1993);
- Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure (December 1994);
- Madrid Agreement on International Registration of Trade Marks (January 1995);
- Nice Agreement on International Classification of Goods and Services for the Purposes of Trade Mark Registration (January 1995);
- Rome Convention for the Protection of the Rights of Performers, Producers of Phonograms and Broadcasting Organizations (with a note to not apply the article 12 of the convention concerning phonograms of producers that are not nationals of contracting states), (August 1999);
- Geneva Agreement on Trade Marks (December 1999).

Concerns exist regarding the enforcement of these intellectual property protection standards in Latvia. As in much of Eastern and Central Europe, piracy rates are relatively high. There have been some reports of infringement of software licensing agreements by government offices.

Transparency of Regulatory System

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The Latvian government has amended its laws and regulatory procedures in an effort to bring Latvia's legislation in compliance with the European Union and WTO GPA requirements. A number of legislative changes were aimed at increasing the transparency of the Latvian business environment and the regulatory system. At the same time, the massive legislative changes carried out in a short period of time have led to some laws and regulations that could be subject to conflicting interpretations. The Latvian government has developed a good working relationship with the foreign business community (through FICIL) to streamline various bureaucratic procedures and to address legal and regulatory issues.

Efficient Capital Markets and Portfolio Investment

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Latvian government policies do not interfere in the free flow of financial resources or the allocation of credit. Local bank loans are available to foreign investors.

The regulatory framework for commercial banking incorporates all principal requirements of European Union directives. A unified capital and financial markets regulator was launched on July 1, 2001, replacing the Securities Market Commission, the Insurance Inspectorate, and the Bank of Latvia's Banking Supervision Department. Existing banking legislation includes provisions on accounting and financial statements (strict adherence to international accounting standards is required), minimum initial capital requirements, capital adequacy requirements, large exposures, restrictions on insider lending, open foreign exchange positions and loan-loss provisions. An Anti-Money Laundering Law and Deposit Insurance Law have been adopted, and an independent anti-money laundering unit is operating under the supervision of the Prosecutor General's Office. Some of the banking regulations, such as capital adequacy and loan-loss provisions, exceed EU requirements.

Total assets of the country's banks are approximately 39.9 billion USD (exchange rate: 1 USD=0.53 Lats). At the end of November 2010, 72% of total loans had no payment arrears. In November, the number of loans more than 90 days overdue shrank for the fourth consecutive month, decreasing overall by 2.6% (approximately 141.5 million USD) since August 2010. The percentage of such "90 days overdue" loans in the banking loan portfolio was 19.3% at end of November. In July, the Committee of European Banking Supervisors conducted stress testing of large Scandinavian banks operating in Latvia, finding largely positive and stable results.

Securities markets are regulated by the 2000 Law on Consolidated Capital Markets Regulator, 2004 Law on Financial Instrument Market, and several other laws and regulations. Protection of investor interests is ensured by strict control over participants in the securities market. Transparency of the market is achieved by issuing Riga Stock Exchange (RSE) bulletins after each trading session and by offering securities market information on the Internet.

The NASDAQ/OMX Riga Stock Exchange (<http://www.nasdaqomxbaltic.com>) began operations in 1995. France assisted Latvia in setting up the securities market based on a continental European model. In 1997, the RSE was admitted to the International Federation of Stock Exchanges as a corresponding emerging market. The RSE was the first exchange in Eastern Europe to create an index in cooperation with Dow Jones.

Competition from State Owned Enterprises

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Private enterprises are allowed to compete with public enterprises on the same terms and conditions with respect to access to markets, credit, and other business operations such as licenses and supplies. The Latvian Government is currently working to implement the requirements of the EU's Third Energy Package, which would further open the electricity market to private power producers, allowing them to compete on an equal footing with Latvenergo, the state-owned power company.

SOEs are active in the energy, air transport, postal services, telecommunications, railway and forestry sectors.

Senior managers of SOEs report to independent boards of directors, which in turn report to the line ministries. Many SOEs previously had a Council in addition to a Board of Directors, but these Councils were eliminated in 2009 due to widespread allegations that they provided little guidance and served only to provide jobs for politically connected individuals.

SOEs are required by law to publish an annual report and to submit their books to an independent audit.

Latvia does not have a sovereign wealth fund.

Corporate Social Responsibility

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Latvia has joined the OECD Declaration on International Investment and Multinational Enterprises on January 9, 2004. Adherence to these OECD principles and standards reinforces the efforts of the Latvian government to pursue investment-friendly economic

reforms. Awareness of and adherence to principles of corporate social responsibility is still developing among producers and consumers.

Political Violence

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There have been no reports of political violence or politically-motivated damage to foreign investors' projects or installations since Latvia regained its independence in 1991. The likelihood of widespread civil disturbances is very low. Civil unrest is generally not a problem in Latvia. While Latvia has experienced large, peaceful demonstrations related to internal political issues, there have been only occasional incidents when peaceful demonstrations have devolved into crimes against property, such as breaking shop windows or damaging parked cars. U.S. citizens are cautioned to avoid any large public demonstrations, as even peaceful demonstrations can turn confrontational. The Embassy provides periodic notices to U.S. citizens in Latvia and these announcements can be found on the Embassy's web site (<http://riga.usembassy.gov/>).

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the

FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of

legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the

FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.

- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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Latvia has concluded bilateral investment agreements with Armenia, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Canada, China, Croatia, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Georgia, Greece, Hungary, Iceland, Israel, Italy, Kazakhstan, Kyrgyzstan, Korea, Kuwait, Lithuania, Luxembourg, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Singapore, the Slovak Republic, Spain, Sweden, Switzerland, Taiwan, Turkey, Ukraine, the United Kingdom, the United States, Uzbekistan and Vietnam. The agreement with the U.S. came into force in December 1996.

Latvia has concluded the Treaty on Avoidance of Double Taxation with the U.S., which is in force as of December 30, 1999.

OPIC and Other Investment Insurance Programs

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Overseas Private Investment Corporation (OPIC) political risk insurance coverage is available for U.S. investments in Latvia. Latvia is a member of the Multilateral Investment Guarantee Agency (MIGA).

Since January 1, 2005, the Latvian national currency, known as the Lat, has been pegged to the euro at a rate 0.70284 Lat per 1 euro.

Latvia continues to suffer serious economic difficulties. In December 2008, Latvia received a 7.5 billion euro (\$10.4 billion) assistance package from the International Monetary Fund (IMF) and the European Union. The IMF providing 1.7 billion euro, the Nordic countries – 1.8 billion euro, the European Commission – 3.1 billion euro, and the EBRD and other EU Member States – 0.9 billion euro. The financial assistance program's terms do not call for monetary policy changes, thus allowing Latvia to maintain its currency's exchange rate peg to the euro. To achieve the goals of the program without devaluation, severe fiscal policy tightening has been required. In accordance with the agreement with the IMF and European Commission, an additional 750 million

USD of consolidation measures are needed to bring the budget deficit in 2011 below 6% of GDP. To reach its goal of adopting the Euro in 2014, the Latvian government needs to cut the budget deficit below 3% of GDP, starting in 2012.

Labor

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The official rate of registered unemployment at the end of 2010 was 14.3 percent. Unemployment is significantly higher in rural areas. A high percentage of the workforce has completed at least secondary or vocational education. Foreign managers agree that Latvians generally are hard working, reliable and quick to learn. Foreign managers also praise the high degree of language skills, especially in Russian and English, among Latvian workers. However, there is a shortage of mid- and senior-level managers with western-style management skills.

Companies must keep wages above a legally specified minimum, which from January 1, 2011 is LVL 200 (approximately USD 375) per month. Union influence on the wage setting process is limited. Trade unions do not have significant influence on labor market.

One challenge that employers face since Latvia joined the EU is that many skilled employees can find employment opportunities in other EU countries. Unofficial statistics suggest that more than 100,000 people have moved from Latvia to other EU countries since May 1, 2004. Real wage growth has been negative since Q1 of 2009. Most recent statistics on Q4 of 2010 show a 4.9% drop in real wages. As wages decline, unemployment rises, and the Latvian government reduces state jobs, some experts predict an increase in the number of people leaving the country.

The Labor Law addresses discrimination issues, provides detailed provisions on rights and obligations of employees' representatives, and creates a new institution – the Conciliation Commission – that can be established in a workplace.

Full-time employees in Latvia work 40 hours a week. Normally, there are five working days per week, but employers are allowed to schedule six working days per week. Employees are entitled to four calendar weeks of annual paid vacations per year. An employer is prohibited from entering into an employment contract with a foreign individual who does not have a valid work permit.

The Latvian government is committed to adhere to the ILO Convention protecting workers' rights.

Foreign-Trade Zones/Free Ports

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There are four free trade areas in Latvia: free ports are established in the Riga and Ventspils ports, and special economic zones (SEZ) are created in Liepaja, a port city in western Latvia, and Rezekne, the center of an eastern Latvian region which borders Russia. The IMF objects to free trade zones on the grounds that they distort competition and create tax collection problems.

Somewhat different rules apply to each of the four zones. In general, the two free ports provide for exemptions from indirect taxes, including customs duties, VAT and excise

tax. The SEZs offer additional incentives, such as 80-100 percent reduction of corporate income taxes and real estate taxes. To qualify for tax relief and other benefits, companies must receive permits and sign agreements with the appropriate authorities: the Riga and the Ventspils Port Authorities, for the relevant free port; the Liepaja SEZ Administration; or the Rezekne SEZ Administration.

Foreign Direct Investment Statistics

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Table 1: FDI Stock in Latvia (Positions in millions of USD) 2006-2009

2006	2007	2008	2009
7476.1	10841.7	11537.5	11601.9

Source: Bank of Latvia

Table 2: FDI in Latvia (Net flows in millions of USD) 2006-2009

2006	2007	2008	2009
1664.1	2315.5	1357.2	93.5

Source: Bank of Latvia

Table 3: FDI in Latvia (Net flows in % of GDP), 2006-2009

2006	2007	2008	2009
8.3	8.1	3.7	0.4

Source: Bank of Latvia

Table 4: FDI in Latvia (Positions by investing country in millions of USD), 2006-2009

Country	2006	2007	2008	2009
Estonia	870.3	1602.6	1860.9	1962.5
Sweden	1130.9	1460.3	1657.6	1601.1
Denmark	618.7	956.4	927.8	798.8
Germany	826.9	921.8	728.8	741.5
Netherlands	415.5	611.2	630.6	667.1
Ireland	23.9	109.9	425	540.4
Russian Federation	494	501	529.8	531.9
Finland	436.4	690.6	678.1	480.4
Cyprus	312.4	543.4	415.8	480.2
United States	438.2	481.6	449.7	438.8

Source: Bank of Latvia

Table 5: FDI in Latvia by kind of activity and investing country (Positions, Millions of USD), 2006-2009

	2006	2007	2008	2009
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Financial Intermediation	1799.7	3070.7	3327.8	3381.7
Of which in 2009			Estonia	37.87 %
			Sweden	19.22 %
			Denmark	7.33 %

	2006	2007	2008	2009
Real Estate, Renting	1387.7	2389	2338	2520.2
Of which in 2009			Sweden	19.75 %
			Estonia	12.11 %
			Netherlands	9.11 %

	2006	2007	2008	2009
Wholesale and Retail trade	980.1	1 293.4	1 617.0	1 554.6
Of which in 2009			Lithuania	14.63 %
			Netherlands	13.3 %
			Finland	10.99 %

	2006	2007	2008	2009
Manufacturing	737.6	1067.6	1235.9	1339.2
Of which in 2009			Ireland	34.61 %
			Finland	10.89 %
			Sweden	9.02 %

	2006	2007	2008	2009
Transport, Logistics	647.5	810.9	941.9	882.5
Of which in 2009			Denmark	21.51 %
			Netherlands	19.23 %
			Cyprus	11.64 %

Source: Bank of Latvia

Table 6: FDI in Latvia by kind of activity and investing country (Net flows, Millions of USD), 2006-2009

	2006	2007	2008	2009
Real estate, renting	312.3	411.2	268.3	129.6
Of which in 2009			Luxembourg	91.6 million
			USA	55.9 million
			Cyprus	42.2 million

	2006	2007	2008	2009
Manufacturing	74.9	213.8	275.1	62.1
Of which in 2009			Ireland	140.5 million

	Sweden	12.7 million
	Iceland	9.8 million

	2006	2007	2008	2009
Agriculture, Forestry	2.5	41.9	63	21.1
Of which in 2009			Norway	15.9 million
			Sweden	13 million
			Netherlands	0.2 million

Table 7: Latvia's Direct Investment abroad by country (Positions, Millions of USD and Lats), 2006-2009

Country	2006	2007	2008	2009
Lithuania	81.9	165	198.7	208.5
<i>In Lats</i>	43.9	79.9	98.4	102
Switzerland	167.2	253.7	299.4	159.4
<i>In Lats</i>	89.6	122.8	148.2	77.9
Estonia	27.4	75.4	54.3	78.2
<i>In Lats</i>	14.7	36.5	26.9	38.2
Ukraine	12.7	27	77.3	62.2
<i>In Lats</i>	6.8	13.1	38.3	30.4
Cyprus	14.5	15.6	15.6	58.3
<i>In Lats</i>	7.8	7.5	7.7	28.5

Source: Bank of Latvia

Table 6: Major foreign investment in companies by investment in Stock (Situation as of January 11, 2011, in Lats)

Name of Investor	Country	Investment (in Lats)
Aktsiaselts Hansapank	Estonia	664,171,089.50
TILTS COMMUNICATIONS A/S	Denmark	71,581,000.00
BITE Lietuva UAB	Lithuania	69,637,536.00
PALINK Uždaroji akcine bendrove	Lithuania	60,000,000.00
Bank DnB NORD A/S	Denmark	56,840,993.00
GE Capital International Financing Corporation	USA	55,600,000.00
Ektornet Latvia S.A.	Luxembourg	54,625,033.00
European Bank for Reconstruction and Development	United Kingdom	51,444,325.00
Tele2 Sverige Aktiebolag	Sweden	50,002,000.00
LINSTOW AS	Norway	45,359,693.00
NEW EUROPE REAL ESTATE LTD	United Kingdom	44,783,451.00

<u>BANK AUSTRIA CREDITANSTALT AG</u>	Austria	41,739,170.00
<u>Eurotank Holding Sarl</u>	Switzerland	38,485,500.00
<u>SKANDINAVISKA ENSKILDA BANKEN AB</u>	Sweden	38,030,759.60
<u>Patras Holdings B.V.</u>	Netherlands	37,632,000.00
<u>TRANSNEFTEPRODUKT AO</u>	Russia	36,550,700.00
<u>Euromin Holdings (Cyprus) Limited</u>	Cyprus	36,314,148.00
<u>OJAY LIMITED</u>	Guernsey	35,280,000.00
<u>Boswell (International) Consulting Limited</u>	Malta	33,110,000.00
<u>PrivatBank</u>	Ukraine	30,359,520.00

Source: Lursoft – Electronic Database of the Latvia's State Enterprise Register. Data are systemized according to the country of incorporation/registration of the investor.

Web Resources

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Bank of Latvia <http://www.bank.lv/eng/main/all/>

Ministry of Justice <http://www.tm.gov.lv/en/>

Latvian Business Register <http://www.ur.gov.lv/>

Latvian Investment and Development Agency <http://www.liaa.gov.lv>

Latvian Privatization Agency <http://www.lpa.bkc.lv/lpa/lpa.php?ID=1>

Riga Stock Exchange <http://www.nasdaqomxbaltic.com>

Public Utilities Commission <http://www.sprk.gov.lv/?setl=2>

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Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
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How Do I Get Paid (Methods of Payment)

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Like elsewhere in Europe, various payment methods are available in Latvia, depending on the level of trust and business relationship between buyer and seller: wire transfers as pre-payment, after-payment, letter of credit, or payment by credit card are all commonly used.

Cheques are not common as a payment method and are rarely accepted.

How Does the Banking System Operate

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Please use this link to find Information on Latvian Financial and Capital Market
<http://www.fktk.lv/en/>

Foreign-Exchange Controls

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There are no Foreign Exchange Controls or restrictions on capital repatriation in Latvia. Supervision and licensing of institutions that provide Foreign Exchange is carried out by the Bank of Latvia. The Latvian Lat is included in the Exchange Rate Mechanism II (ERM II). Please find more information on Latvia's participation in ERM II here:
<http://www.bank.lv/en/monetary-policy/exchange-rate-policy>

U.S. Banks and Local Correspondent Banks

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In November 2006, GE Money Bank acquired a retail bank in Latvia and is the only U.S.-owned bank in Latvia. Most large Latvian banks are associated with Scandinavian or German capital. Swedish SEB and Swedbank, Finnish NORDEA and SAMPO, German HypoVereinsbank and DnB Nord are all represented on the market. Nearly all Latvian banks have a correspondent relationship with banks in the United States and can carry out money transfers in U.S. dollars.

Project Financing

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Foreign companies can obtain financing from local banks for project financing, as well as EU funding. For information on financing your project with EU structural funds, see
<http://www.esfondi.lv/events.php?id=496>

EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors.

Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

European Bank for Reconstruction and Development: <http://www.ebrd.com>

The World Bank: <http://www.worldbank.com>

Latvian Investment and Development Agency: http://www.liaa.gov.lv/?object_id=789

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Chapter 8: Business Travel

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Business Customs

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Business customs in Latvia are not significantly different from those in the United States and are similar to the rest of Northwestern Europe and Scandinavia. No special dress code is required unless stipulated in the invitation. However, managers, lawyers, and bankers are expected to wear business suits at official meetings and lunches.

Although meetings with partners are not required to do business, personal relations are highly valued, and in most cases a meeting is expected. "A personal touch" will make it easier for a foreigner to do business in Latvia.

Business hours are from 8 am till 5 pm or from 9 am till 6 pm, with 1 hour allocated for lunch. On days before national holidays, the work day may be shortened.

It is usual to have business luncheons or dinners. Business breakfasts are a recent introduction and are not yet widely embraced.

Latvians observe most national holidays recognized in Western Europe, including Christmas and Easter. The most important national celebration in addition to Christmas is Ligo/Jani (Summer Solstice) on June 23 and 24.

Latvians celebrate name days in addition to their birthdays, and women expect to receive flowers. However local custom requires that, if the bouquet is made up of one type of flower, the total number of flowers must be an odd number, as an even number of flowers is often associated with the commemoration of a person who has died.

No gifts are expected during initial business contacts.

Travel Advisory

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For the latest security information, Americans living and traveling abroad should regularly monitor the Department's Bureau of Consular Affairs Internet web site at <http://travel.state.gov>, (http://travel.state.gov/travel/cis_pa_tw/cis/cis_947.html) where

current Worldwide Cautions, Public Announcements, and Travel Warnings can be found. Up-to-date information on security can also be obtained by calling 1-888-407-4747 toll free in the U.S. (from overseas: 202-501-4444).

Additional travel information can be found on the Embassy Riga home page at <http://riga.usembassy.gov/>

Visa Requirements

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U.S. citizens do not need a visa to travel to Latvia if their stay does not exceed 90 days in a half year, counting from the first day of entry. To remain in Latvia for more than 90 days, or to work, study or reside in Latvia, a U.S. citizen must obtain a temporary residence permit.

That 90-day period begins with entry to any of the "Schengen group" countries: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, and Sweden. Multiple visits to Schengen countries may not exceed 90 days in any 6 month period.

To travel to Latvia, U.S. citizens must hold a valid U.S. citizen passport with a term of validity that exceeds the intended period of stay in Latvia by at least three months and a valid health insurance policy for international travel, which covers all costs relating to emergency medical care during the stay in Latvia, including the transportation costs from Latvia to the place of permanent residence of the individual in case of his/her severe medical condition or death.

Information regarding extension of the stay or how to receive an entry visa for the purpose of work, education, training, or other professional activity may be obtained from the Embassy of Latvia in the USA.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

The Consular section of the Latvia Embassy in U.S.: <http://www.latvia-usa.org/consular.html>

Telecommunications

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The Latvian telecommunications market is completely liberalized. The main market players are Lattelecom – fixed telephony and mobile operators – LMT, Tele2, and Bite. In addition, there are many licensed companies that provide specialized services such as broadband or international pre-paid phone cards, etc.

Latvia has the second fastest broadband Internet in the World.

WI-FI is available mainly in Riga in office buildings, hotels, near public phone booths and at the airport. This technology is growing in popularity.

The most popular mobile phone standard is GSM 900/1800. This is offered by the three main mobile operators LMT, Tele 2 and Bite. Triatel offers services in CDMA 2000 standard.

Travelers may rent cell phones at the airport and other outlets for the time of their visit to the country.

Transportation

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Riga International Airport is the main airport in the country. Since October 31, 2004, Uzbekistan Airways operates a Tashkent-Riga-New York route once a week. This is the only route that flies directly between the U.S. and the Baltics. U.S. travelers often choose to fly through one of the European airport hubs. American Airlines, Delta, Northwest and United Airlines all offer code share flights run by their partners in the region. The most popular air-routes connecting Latvia with the United States lead through Amsterdam, Copenhagen, Frankfurt, Helsinki, London and Stockholm. National air carrier airBaltic has introduced no-frills pricing and service for economy class on its flights.

Many internationally recognized car rental companies, such as National, Hertz, Avis, Sixt, and Budget, provide service for travel within the Baltic states.

The local public transportation system, including commuter train, trolley, and bus, is well developed and inexpensive. Travel is safe so long as one uses precautions similar to elsewhere in Europe. Tickets for public transport are obtainable from special ticket offices or directly on the transport, depending on the country, city and a type of transport.

For more info visit <http://www.lv/>

Language

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In Latvia the state language is Latvian. The Latvian language belongs to the Baltic group of the Indo-European family of languages. Its closest and only living relative is Lithuanian. In the large cities and the eastern region of the country Russian is also widely spoken. English is generally accepted as a business language, especially in Riga. However, outside urban areas, one may occasionally require an interpreter.

Health

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There are both private and state medical systems in Latvia. Medical education is at a high standard, though there is a shortage of some medical equipment. Some services and skills that one may expect in the United States are less available. There are no recorded notable health risks, and public tap water is safe to drink. However, travelers must be alert to the risk of tick-borne encephalitis, especially when going to the countryside.

The U.S. Embassy in Latvia can provide a list of English speaking physicians and lawyers.

Travelers are advised to purchase travel medical insurance coverage prior to visiting Latvia.

Local Time, Business Hours, and Holidays

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The local time in Latvia is Universal Time (Greenwich Mean Time) + 2 hours.

Daylight Savings Time or Summer Time is observed in Latvia. It begins at 2 am local time on the last Sunday in March, and ends at 2 am local time on the last Sunday in October.

Latvia observes a 5 work day week, with 8 working hours per day and 40 working hours per week. The work day typically lasts from 8 am till 5 pm for manufacturing related industry, or from 9 am till 6 pm for service institutions including a 1 hour lunch.

National Holidays in Latvia in 2011.

New Year's Day	1 Jan.
Good Friday	22 April
Easter Monday	25 April
Proclamation of Restoration of Independence	4 May
Midsummer's Eve (Ligo)	23 June
Summer Solstice (Jani)	24 June
Latvian National Day	18 Nov.
Christmas Day	26 Dec.

Temporary Entry of Materials and Personal Belongings

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There are no restrictions on entry of personal belongings unless these are items regulated by customs regulations and subject to import license requirements, such as firearms, drugs, jewelry, tobacco or alcohol. In such cases, the traveler will be asked to fill in a customs declaration form. For more information see here: [Latvian Customs](#)

Web Resources

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Embassy Riga home page at <http://riga.usembassy.gov/>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

The Consular section of the Latvia embassy website:
<http://riga.usembassy.gov/service.html>

US Department of Commerce: www.buyusa.gov/baltics

American Chamber of Commerce: www.amcham.lv

Latvian Institute: <http://www.li.lv/index.php?lang=en>

Latvian State Revenue Service: www.vid.gov.lv

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Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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Cabinet of Ministers of the Republic of Latvia: <http://www.mk.gov.lv/en/mk/sastavs/>

Latvian Chamber of Commerce and Industry: <http://www.chamber.lv/en>

American Chamber of Commerce in Latvia: <http://www.amcham.lv/>

Foreign Investors Council in Latvia: <http://www.ficil.lv/eng.htm>

Guntars Vicmanis, Commercial Specialist, Latvia

US Embassy

Raina bulv 7.

Riga, LV-1540

Latvia

Tel: +371 6703-62-91

Fax: +371 6782-00-47

e-mail: vicmanisg@state.gov

D. Heath Bailey, , Political/Economic Officer

US Embassy

Raina bulv 7.

Riga, LV-1540

Latvia

Tel: +371 6703-62-87

Fax: +371 6782-00-47

e-mail: Baileydh@state.gov

U.S. Foreign Commercial Service Partnership Post in Sweden:

Frank Carrico

Regional Senior Commercial Officer

US Department of Commerce

Partnership Post in Sweden

US Embassy

Dag Hammarskjolds v. 31

115 89 Stockholm, Sweden

Phone: +46 8 783 53 46

Fax: +46 8 660 91 81

Frank.carrico@trade.gov
<http://www.buyusa.gov/sweden/en/>

Foreign Agricultural Service Office in Warsaw:
Michael Henney
Agriculture Attaché
U.S. Embassy Warsaw
Al. Ujazdowskie 29/31
00-540 Warsaw
Tel.: +48/22 504-2336
Fax: +48/22 504-2320
E-mail: agwarsaw@state.gov

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

<http://www.buyusa.gov/baltics/en/>

Latvian Fairs: <http://www.bt1.lv/>

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: www.buyusa.gov/baltics

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: Market_Research_Feedback@trade.gov

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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